

State of South Carolina



Office of the State Auditor

1401 MAIN STREET, SUITE 1200
COLUMBIA, S.C. 29201

RICHARD H. GILBERT, JR., CPA
DEPUTY STATE AUDITOR

(803) 253-4160
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December 5, 2013

Ms. Sybil L. Tyson, Reimbursement Director
Special Projects and Planning
UHS–Pruitt Corporation
Post Office Box 1210
Toccoa, Georgia 30577

Re: AC# 3-AMM-J0 – UniHealth Post Acute Care – North Augusta, LLC d/b/a
UniHealth Post Acute Care – North Augusta

Dear Ms. Tyson:

The accompanying report has been prepared by our office based on your Medicaid Financial and Statistical Report submitted to the Department of Health and Human Services for the cost report period October 1, 2009 through September 30, 2010. That report was used to set the rate covering the contract period beginning November 1, 2011.

We are recommending that the Department of Health and Human Services certify an accounts receivable to recover amounts due as a result of the rate change shown on Exhibit A. You will be notified of repayment terms by that Agency.

Yours very truly,

A handwritten signature in black ink, appearing to read "Richard H. Gilbert Jr.", written in a cursive style.

Richard H. Gilbert, Jr., CPA
Deputy State Auditor

RHGjr/sag

cc: Ms. Brenda L. Hyleman
Mr. Jeff Saxon
Ms. Kathleen C. Snider
Ms. Nicole Mitchell Threat
Ms. Melissa Simmons

**UNIHEALTH POST ACUTE CARE – NORTH AUGUSTA, LLC
D/B/A UNIHEALTH POST ACUTE CARE – NORTH AUGUSTA
NORTH AUGUSTA, SOUTH CAROLINA**

**CONTRACT PERIOD
BEGINNING NOVEMBER 1, 2011
AC# 3-AMM-J0**

**AGREED-UPON PROCEDURES REPORT
ON CONTRACT
FOR
PURCHASE OF NURSING CARE SERVICES
WITH
STATE OF SOUTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES**

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

July 23, 2013

Department of Health and Human Services
State of South Carolina
Columbia, South Carolina

We have performed the procedures enumerated below, which were agreed to by the South Carolina Department of Health and Human Services, solely to compute the rate change and related adjusted reimbursement rate to be used by the Department in determining the reimbursement settlement with UniHealth Post Acute Care – North Augusta, LLC, d/b/a UniHealth Post Acute Care – North Augusta, for the contract period beginning November 1, 2011, and for the twelve month cost report period ended September 30, 2010, as set forth in the accompanying schedules. The management of UniHealth Post Acute Care – North Augusta, LLC, d/b/a UniHealth Post Acute Care – North Augusta is responsible for the Financial and Statistical Report for Nursing Homes and supporting accounting and statistical records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the South Carolina Department of Health and Human Services. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

1. We selected costs or areas based on our analytical procedures applied to the reimbursable Medicaid program costs as shown on the Financial and Statistical Report for Nursing Homes, as filed by UniHealth Post Acute Care – North Augusta, LLC, d/b/a UniHealth Post Acute Care – North Augusta, to determine if these costs were allowable as defined by the State Plan for Medicaid reimbursement purposes and supported by accounting and statistical records maintained by the Provider. Our findings as a result of these procedures are presented in the Summary of Costs and Total Patient Days, Adjustment Report, and Cost of Capital Reimbursement Analysis sections of this report.
2. We recomputed the Computation of Reimbursement Rate using the adjusted costs and calculated the rate change in accordance with the provisions of the contract between the South Carolina Department of Health and Human Services and UniHealth Post Acute Care – North Augusta, LLC, d/b/a UniHealth Post Acute Care – North Augusta dated as of October 1, 2011, as amended. Our findings as a result of these procedures are presented in the Computation of Rate Change and Computations of Adjusted Reimbursement Rate sections of this report.

Department of Health and Human Services
State of South Carolina
July 23, 2013

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the financial statements or a part thereof. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the South Carolina Department of Health and Human Services and is not intended to be and should not be used by anyone other than the specified party.

A handwritten signature in black ink, appearing to read "Richard H. Gilbert, Jr.", with a stylized flourish at the end.

Richard H. Gilbert, Jr., CPA
Deputy State Auditor

UNIHEALTH POST ACUTE CARE - NORTH AUGUSTA

Computation of Rate Change
For the Contract Period
Beginning November 1, 2011
AC# 3-AMM-J0

11/01/11-
09/30/12

Interim Reimbursement Rate (1)	\$194.32
Adjusted Reimbursement Rate	<u>184.41</u>
Decrease in Reimbursement Rate	\$ <u>9.91</u>

(1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing dated June 18, 2013.

UNIHEALTH POST ACUTE CARE - NORTH AUGUSTA
Computation of Adjusted Reimbursement Rate
For the Contract Period November 1, 2011 Through September 30, 2012
AC# 3-AMM-J0

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$103.01	\$108.41	
Dietary		13.72	15.92	
Laundry/Housekeeping/Maintenance		<u>20.67</u>	<u>14.77</u>	
Subtotal	<u>\$1.70</u>	137.40	139.10	\$137.40
Administration & Medical Records	<u>\$ -</u>	<u>24.54</u>	<u>20.62</u>	<u>20.62</u>
Subtotal		161.94	<u>\$159.72</u>	158.02
<u>Costs Not Subject to Standards:</u>				
Utilities		4.94		4.94
Special Services		2.58		2.58
Medical Supplies & Oxygen		5.40		5.40
Taxes and Insurance		8.93		8.93
Legal Fees		<u>.90</u>		<u>.90</u>
TOTAL		<u>\$184.69</u>		180.77
Inflation Factor (N/A)				-
Cost of Capital				10.91
Cost of Capital Limitation				(3.23)
Profit Incentive (Maximum 3.5% of Allowable Cost)				-
Cost Incentive				1.70
Effect of \$1.75 Cap on Cost/Profit Incentives				-
Budget Neutrality Adjustment (3.02%)				<u>(5.74)</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$184.41</u>

UNIHEALTH POST ACUTE CARE - NORTH AUGUSTA
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 2010
AC# 3-AMM-J0

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
General Services	\$4,159,236	\$34,417 (5)	\$121,737 (1)	\$4,042,542
		3,325 (5)	1,316 (10)	
		74,987 (6)	61 (10)	
		19,071 (6)	3,125 (13)	
		21,313 (16)	140,542 (15)	
		28,171 (17)	31,197 (18)	
Dietary	522,833	500 (5)	2,184 (10)	538,386
		19,674 (6)	84,358 (18)	
		81,921 (17)		
Laundry	83,528	5,205 (13)	963 (10)	87,196
		13,089 (17)	13,663 (18)	
Housekeeping	377,025	30,608 (17)	1,185 (10)	369,083
			37,365 (18)	
Maintenance	752,719	2,674 (5)	79,842 (2)	355,078
		62,395 (17)	131,432 (4)	
			202,518 (6)	
			3,261 (10)	
			8,928 (11)	
			36,729 (18)	
Administration & Medical Records	946,520	27,517 (6)	96 (10)	963,170
		3,000 (8)	1,025 (10)	
		8,928 (11)	230,121 (18)	
		208,433 (17)	11,730 (18)	
		11,744 (17)		

UNIHEALTH POST ACUTE CARE - NORTH AUGUSTA
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 2010
AC# 3-AMM-J0

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		Adjusted <u>Totals</u>
		<u>Debit</u>	<u>Credit</u>	
Utilities	197,583	16,261 (17)	19,824 (18)	194,020
Special Services	154,019	5,610 (3) 643 (6) 8,080 (13)	645 (10) 66,612 (14)	101,095
Medical Supplies & Oxygen	532,581	83,447 (17)	18,795 (10) 22,580 (12) 54,857 (13) 274,450 (14) 33,234 (18)	212,112
Taxes and Insurance	375,232	31,600 (17)	20,044 (7) 36,384 (18)	350,404
Legal Fees	35,753	8,667 (17)	9,240 (18)	35,180
Cost of Capital	300,437	3,093 (2) 21,782 (9) 33,162 (17) <u>137,284 (19)</u>	27,585 (3) 39,909 (18)	428,264
Subtotal	8,437,466	1,006,601	1,767,537	7,676,530
Ancillary	658,819	-	-	658,819

UNIHEALTH POST ACUTE CARE - NORTH AUGUSTA
Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 2010
AC# 3-AMM-J0

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		Adjusted <u>Totals</u>
		<u>Debit</u>	<u>Credit</u>	
Nonallowable	4,914,456	121,737 (1) 15,723 (3) 6,252 (3) 131,432 (4) 21,787 (6) 38,839 (6) 20,044 (7) 32,309 (10) 22,580 (12) 29,425 (13) 341,062 (14) 140,542 (15) 583,754 (18)	6,691 (2) 40,916 (5) 3,000 (8) 21,782 (9) 2,778 (10) 21,313 (16) 609,498 (17) 137,284 (19)	5,576,680
CNA Training and Testing	<u>616</u>	<u>-</u>	<u>-</u>	<u>616</u>
Total Operating Expenses	<u>\$14,011,357</u>	<u>\$2,512,087</u>	<u>\$2,610,799</u>	<u>\$13,912,645</u>
Total Patient Days	<u>39,245</u>	<u>-</u>	<u>-</u>	<u>39,245</u>
Total Beds	<u>112</u>			

UNIHEALTH POST ACUTE CARE - NORTH AUGUSTA
Adjustment Report
Cost Report Period Ended September 30, 2010
AC# 3-AMM-J0

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Nonallowable Nursing	\$121,737	\$121,737
	To adjust related party United Clinical expense HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
2	Fixed Assets	86,533	
	Cost of Capital	3,093	
	Accumulated Depreciation		3,093
	Maintenance		79,842
	Nonallowable		6,691
	To capitalize expense HIM-15-1, Section 108 State Plan, Attachment 4.19D		
3	Fixed Assets	532,869	
	Nonallowable	15,723	
	Nonallowable - Vent Unit	6,252	
	Special Services - Therapy	5,610	
	Other Equity		497,370
	Accumulated Depreciation		35,499
	Cost of Capital		27,585
	To adjust fixed assets and related depreciation HIM-15-1, Section 2304 State Plan, Attachment 4.19D		
4	Nonallowable	131,432	
	Maintenance		131,432
	To adjust expense which was capitalized HIM-15-1, Section 108		
5	Nursing	34,417	
	Restorative	3,325	
	Dietary	500	
	Maintenance	2,674	
	Nonallowable		40,916
	To properly classify expenses DH&HS Expense Crosswalk		

UNIHEALTH POST ACUTE CARE - NORTH AUGUSTA
Adjustment Report
Cost Report Period Ended September 30, 2010
AC# 3-AMM-J0

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
6	Nursing	74,987	
	Restorative	19,071	
	Dietary	19,674	
	Administration	27,517	
	Special Services - Therapy	643	
	Nonallowable	38,839	
	Nonallowable - Vent	21,787	
	Maintenance		202,518
	To properly classify expenses		
	DH&HS Expense Crosswalk		
	HIM-15-1, Section 2304		
7	Nonallowable	20,044	
	Taxes and Insurance		20,044
	To adjust property taxes		
	HIM-15-1, Sections 2302.1 and 2304		
8	Start-Up Cost	15,001	
	Administration	3,000	
	Other Equity		9,501
	Accumulated Amortization		5,500
	Nonallowable		3,000
	To record start-up cost and		
	related amortization		
	HIM-15-1, Section 2132		
	State Plan, Attachment 4.19D		
9	Fixed Assets	261,388	
	Cost of Capital	21,782	
	Accumulated Depreciation		30,435
	Other Equity		230,953
	Nonallowable		21,782
	To carry forward adjustment to		
	capitalize expense		
	HIM-15-1, Section 108		
	State Plan, Attachment 4.19D		

UNIHEALTH POST ACUTE CARE - NORTH AUGUSTA
Adjustment Report
Cost Report Period Ended September 30, 2010
AC# 3-AMM-J0

ADJUSTMENT NUMBER	ACCOUNT TITLE	DEBIT	CREDIT
10	Nonallowable	32,309	
	Nursing		1,316
	Restorative		61
	Dietary		2,184
	Laundry		963
	Housekeeping		1,185
	Maintenance		3,261
	Administration		1,025
	Medical Records		96
	Medical Supplies & Oxygen		18,795
	Special Services - Therapy		645
	Nonallowable - Vent		2,778
	To adjust related party United Medical expense		
	HIM-15-1, Section 2304		
	State Plan, Attachment 4.19D		
11	Administration	8,928	
	Maintenance		8,928
	To properly classify expenses		
	DH&HS Expense Crosswalk		
12	Nonallowable - Vent	22,580	
	Medical Supplies & Oxygen		22,580
	To properly classify expenses		
	State Plan, Attachment 4.19D		
	DH&HS Expense Crosswalk		
13	Fixed Assets	15,982	
	Laundry	5,205	
	Special Services - Therapy	8,080	
	Nonallowable - Vent	29,425	
	Accumulated Depreciation		710
	Nursing		3,125
	Medical Supplies & Oxygen		54,857
	To properly classify expenses		
	DH&HS Expense Crosswalk		
	HIM-15-1, Section 108		
	State Plan, Attachment 4.19D		

UNIHEALTH POST ACUTE CARE - NORTH AUGUSTA
Adjustment Report
Cost Report Period Ended September 30, 2010
AC# 3-AMM-J0

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
14	Nonallowable Special Services - Therapy Medical Supplies & Oxygen To remove special (ancillary) services reimbursed by Medicare State Plan, Attachment 4.19D	341,062	66,612 274,450
15	Nonallowable Nursing To properly classify expenses State Plan, Attachment 4.19D DH&HS Expense Crosswalk	140,542	140,542
16	Nursing Nonallowable - Vent To properly allocate nursing non-salary expense and nursing administration wages to the vent unit State Plan, Attachment 4.19D HIM-15-1, Section 2102.3	21,313	21,313
17	Restorative Dietary Laundry Housekeeping Maintenance Administration Medical Records Legal Utilities Taxes and Insurance Medical Supplies & Oxygen Cost of Capital Nonallowable To reverse DH&HS adjustment to remove indirect costs applicable to non-reimbursable cost centers HIM-15-1, Section 2102.3 State Plan, Attachment 4.19D	28,171 81,921 13,089 30,608 62,395 208,433 11,744 8,667 16,261 31,600 83,447 33,162	609,498

UNIHEALTH POST ACUTE CARE - NORTH AUGUSTA
Adjustment Report
Cost Report Period Ended September 30, 2010
AC# 3-AMM-J0

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
18	Nonallowable	583,754	
	Restorative		31,197
	Dietary		84,358
	Laundry		13,663
	Housekeeping		37,365
	Maintenance		36,729
	Administration		230,121
	Medical Records		11,730
	Legal		9,240
	Utilities		19,824
	Taxes and Insurance		36,384
	Medical Supplies & Oxygen		33,234
	Cost of Capital		39,909
	To remove indirect costs applicable to non-reimbursable cost centers HIM-15-1, Section 2102.3 State Plan, Attachment 4.19D		
19	Cost of Capital	137,284	
	Nonallowable		137,284
	To adjust capital return State Plan, Attachment 4.19D		
	TOTAL ADJUSTMENTS	<u>\$3,423,860</u>	<u>\$3,423,860</u>

Due to the nature of compliance reporting, adjustment descriptions and references contained in the preceding Adjustment Report are provided for general guidance only and are not intended to be all-inclusive.

UNIHEALTH POST ACUTE CARE - NORTH AUGUSTA
Cost of Capital Reimbursement Analysis
For the Cost Report Period Ended September 30, 2010
AC# 3-AMM-J0

Original Asset Cost (Per Bed)	\$ 15,618	\$ 15,618	
Inflation Adjustment	<u>3.15264</u>	<u>3.15264</u>	
Deemed Asset Value (Per Bed)	49,238	49,238	
Number of Beds	<u>101</u>	<u>11</u>	
Deemed Asset Value	4,973,038	541,618	
Improvements Since 1981	3,683,157	326,399	
Accumulated Depreciation at 9/30/10	<u>(2,397,398)</u>	<u>(250,909)</u>	
Deemed Depreciated Value	6,258,797	617,108	
Market Rate of Return	<u>.0420</u>	<u>.0420</u>	
Total Annual Return	262,869	25,919	
Return Applicable to Non-Reimbursable Cost Centers	(24,728)	-	
Allocation of Interest to Non-Reimbursable Cost Centers	<u>22,858</u>	<u>-</u>	
Allowable Annual Return	260,999	25,919	
Depreciation Expense	160,907	20,906	
Amortization Expense	-	-	
Capital Related Income Offsets	(511)	(47)	
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>(39,909)</u>	<u>-</u>	<u>Total</u>
Allowable Cost of Capital Expense	381,486	46,778	\$428,264
Total Patient Days (Minimum 96% Occupancy)	<u>35,391</u>	<u>3,854</u>	<u>39,245</u>
Cost of Capital Per Diem	\$ <u>10.78</u>	\$ <u>12.14</u>	\$ <u>10.91</u>

UNIHEALTH POST ACUTE CARE - NORTH AUGUSTA
Cost of Capital Reimbursement Analysis
For the Cost Report Period Ended September 30, 2010
AC# 3-AMM-J0

6/30/89 Cost of Capital and Return on Equity		
Capital Per Diem Reimbursement	\$3.21	\$ N/A
Adjustment for Maximum Increase	<u>3.99</u>	<u>N/A</u>
Maximum Cost of Capital Per Diem	<u>\$7.20</u>	<u>\$12.14</u>
Reimbursable Cost of Capital Per Diem		\$ 7.68
Cost of Capital Per Diem		<u>10.91</u>
Cost of Capital Per Diem Limitation		<u>\$(3.23)</u>

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